

## ***Frequently Asked Questions on Streamlined Sales Tax***

***Because Vermont joined Streamlined Sales Tax, does that mean my business, which has no presence (nexus) in states other than Vermont will have to collect taxes for the other states which join?***

No. If you do not currently have an obligation to collect Sales tax on out-of-state sales, Streamlined Sales Tax does not make you liable for other states' tax. Your collection of taxes for other Streamline states is still optional and voluntary. Should you choose to do so for other Streamlined states you may register through <https://www.sstregister.org/sellers/Register.aspx>

***Do I have to collect Local Option Sales tax when shipping or delivering into a Vermont municipality which has Local Option Sales tax?***

Yes, effective January 1, 2007 you must collect the Local Option Tax for the municipality into which you ship or deliver taxable products even if you are not located there.

***Will shipping, delivery and freight charges be subject to Sales & Use tax?***

Effective January 1, 2007 if the item shipped or delivered is subject to sales tax, delivery charges are part of the purchase price, even if separately stated, and are subject to the tax.

***Will beer be subject to the Sales and Use tax?***

Yes, effective January 1, 2007, beer (including the amount of any bottle deposit unless separately charged) becomes subject to the sales tax.

***Will clothing be exempt from sales tax even if the items are sold for over \$110.00?***

Yes, effective January 1, 2007, the \$110.00 exemption level is eliminated and clothing is exempted, regardless of cost, at both the state and local option tax level.

***Will an out-of-state vendor shipping into Vermont have to collect local option tax if shipping to a local option town?***

Effective January 1, 2007, if an out-of-state vendor that is required to, or voluntarily collects a Vermont sales tax ships to a Vermont municipality which has a Local Option tax, the vendor must also collect the Local Option tax.

***Will canned software become taxable even when delivered electronically?***

Yes, effective January 1, 2007 canned software delivered electronically is subject to the sales tax in the same manner as software purchased in tangible form (CD-ROM, disk).

***Will cash discounts at time of purchase involve a corresponding reduction in sales tax?***

Effective January 1, 2007 any discounts, including cash, term, or coupons not reimbursed by a third party will be an exclusion from the sales price upon which the sales tax is based. Retailers offering early payment discounts must remit tax on the gross amount, but may make an adjustment on the subsequent period's return to account for the difference in tax on discounts when earned.

***How does this change affect the sales tax on telecommunications?***

Telecommunications also become subject to the Local Options tax for service to a Local Option municipality effective January 1, 2007.